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### Corporate Ethics: Philosophical Concepts Guiding Business Practices

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# Corporate Ethics: Philosophical Concepts Guiding Business Practices

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## Abstract

*In the highly competitive global market, characterized by rapid political, economic, environmental and technological changes, there has been an increased interest in the role of ethics for shaping corporate actions and highlighting the essential tasks and measures to fulfill two generic missions: support enterprises to make distinctive, lasting and substantial improvements in their performance and build a great firm that attracts, develops, excites and retains exceptional people. This paper addresses the issues arising from opposing forces, namely on the one hand the extremely challenging external environment and on the other hand the increasing demand for responsible business behavior and ethical decision-making focused on the shared and sustained value creation to serve the interests of all stakeholders, society and the environment. Primary objective is to provide coherent and compact definitions for the key values dealing with professionalism, equality and sustainability that should be clearly defined, thus providing the key drivers for creating a working environment that inspires and motivates employees on one hand; and promote each enterprise socioeconomic footprint in the regional and global business ecosystem. When handling the concepts of responsibility, ethical codes, integrity or trust, philosophy provides an invaluable framework and a foundational basis on which to create and maintain sustainable structures and processes for the business of the new era.*

**Keywords:** *corporate responsibility; virtue; code of ethics; integrity; leadership; trust; continuous learning; ancient Greek philosophy*

## I. Introduction

Finding balance between the pursuit of commercial opportunities and the preservation of accountability calls for effort as business decisions and actions have wider impacts on external stakeholders, on the society and the environment. This has been a challenge for all types of companies but

it is especially relevant for joint-stock companies, where shareholders pay a special attention to enterprise value but executive managers are more inclined towards the short-term benefits. While financial results and, ultimately, generation of profits for shareholders has been the sole objective for decades, recent years have marked the shift to a new reality wherein corporations are receiving an ever-increasing amount of pressure by employees, customers, governments and social groups to take a responsible stance towards social and environmental purposes.<sup>1</sup>

Undoubtedly, the current business climate is experiencing rapid changes due to the external political, economic, environmental and technological factors. A central feature has been the rampant penetration of Fourth Industrial Revolution technologies in many aspects of our social and working lives. At the same time, the health, economic and social crisis caused by the pandemic have raised the discussion for a new deal on corporate financial targets, business practices, risk mitigation measures and stakeholder expectations. Levels of trust have plummeted. At the same time, the challenges of unprecedented magnitude imposed by the tipping point of the climate-related issues have intensified the pressure for responsible business behavior and ethical decision-making.<sup>2</sup>

Ethics has originated as a branch of ancient philosophy with ancient scholars such as Plato, Aristotle or the Stoics and Epicureans focusing on “living a good and virtuous life according to ethical virtues.”<sup>3</sup> Human excellence has a central role focusing on practical intelligence encompassing a systematic and coherent grasp of all the goods in a life. Following Aristotle, virtuous behavior can be achieved through a life committed to the exercise of good habits.<sup>4</sup> The term ‘business ethics’ (also referred to as corporate ethics), comprising of both the words business and ethics, encompasses the ethical principles which arise within a business environment. Business ethics aim to analyze the causes and effects of ethical behavior from an economic aspect as well as to inform on policies to be

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<sup>1</sup> Dimitrios J. Dimitriou, and Maria F. Sartzetaki, “Social Dimension of Air Transport Sustainable Development,” *International Journal of Business, Human and Social Sciences* 11, no. 4 (2018): 568-569; also Dimitrios J. Dimitriou, “Evaluation of Corporate Social Responsibility Performance in Air Transport Enterprise,” *Journal of Public Administration and Governance* 10, no. 2 (2020): 264-265.

<sup>2</sup> Dimitriou, and Sartzetaki, “Social Dimension of Air Transport Sustainable Development,” 569; also, Dimitrios J. Dimitriou, “Climate Change Implications in Aviation and Tourism Market Equilibrium,” in *Climate Change Adaptation, Resilience and Hazards. Climate Change Management*, eds. Walter Leal Filho, Haruna Musa, Gina Cavan, Paul O’Hare, and Julia Seixas, 409-424 (Cham: Springer, 2016).

<sup>3</sup> John-Stewart Gordon, “Modern Morality and Ancient Ethics,” *Internet Encyclopedia of Philosophy*, accessed March 6, 2022, <https://iep.utm.edu/modern-morality-ancient-ethics/>.

<sup>4</sup> Clerk Shaw, “Ancient Ethics,” *Internet Encyclopedia of Philosophy*, accessed March 5, 2022, <https://iep.utm.edu/a-ethics/>.

implemented and actions to be taken.<sup>5</sup> The field of business ethics has maintained the interest of academic research in order to mainly explore decision-making processes, organizational behavior, human resource practices or marketing approaches.

The consecutive cycles of growing economies followed by recessions expose the dangers of corporations lacking ethical criteria into their corporate governance mechanisms. Business scandals revealed to the public have caused criticism of business schools in that education has not met the standards of the modern needs and graduates have been oriented exclusively towards profit maximization.<sup>6</sup> Especially following the global financial crisis of 2007/08, there has been a call for increased transparency and responsibility, under the umbrella of the integration of corporate governance, social responsibility and sustainability with the aim to build a new framework for ethical business.<sup>7</sup> The law is not sufficient in addressing this demand as social responsibility is not always captured by the letter of the law. Business ethics is closer to what the spirit of the law would convey.<sup>8</sup> Today, unethical behavior has significant implications on organizations, among which negative brand publicity, employee morale, collapse of trust relationship and even increased costs, either because of regulatory fines or because of poor productivity and performance.<sup>9</sup> A corporations' ethical behavior is essentially a result of minor, daily decisions within the complex structure of executives, managers and employees. When ethics underlie business practices because they are embedded in the organization's culture and encouraged by the ethical workplace conduct, then businesses can better manage conflict situations, either internally or towards external stakeholders.

Business management as an activity cannot be merely viewed as a set of mechanical tasks but rather as a complex moral undertaking because

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<sup>5</sup> Christian A. Conrad, "Basic of Ethics," in *Business Ethics – A Philosophical and Behavioral Approach* (Cham: Springer, 2018), 5.

<sup>6</sup> Jerry J. Gosenpud, and Jon M. Werner, "Growing up Morally: An Experiential Classroom Unit on Moral Development," *Electronic Journal of Business Ethics and Organization Studies* 20, no. 1 (2015): 22-23.

<sup>7</sup> Dimitriou, "Evaluation of Corporate Social Responsibility Performance in Air Transport Enterprise," 263.

<sup>8</sup> Archie B. Carroll, "Carroll's Pyramid of CSR: Taking Another Look," *International Journal of Corporate Social Responsibility* 1, no. 3 (2016): 3; also, Dimitriou, "Evaluation of Corporate Social Responsibility Performance in Air Transport Enterprise," 264.

<sup>9</sup> Peter J. Henning, "When Money Gets in the Way of Corporate Ethics," *New York Times*, April 17, 2017, <https://www.nytimes.com/2017/04/17/business/dealbook/when-money-gets-in-the-way-of-corporate-ethics.html>; also, Yuval Feldman, "Companies Need to Pay More Attention to Everyday Unethical Behavior," *Harvard Business Review*, March 01, 2019, <https://hbr.org/2019/03/companies-need-to-pay-more-attention-to-everyday-unethical-behavior>, and Nicholas Epley, and Amit Kumar, "How to Design an Ethical Organization," *Harvard Business Review*, April 16, 2019, <https://hbr.org/2019/05/how-to-design-an-ethical-organization>.

it deals with human, namely of each stakeholder, problems. The ethics of business management is a derivative of the human activity of exchange encompassing all aspects of production, distribution, marketing, sales and even consumption.<sup>10</sup> In this context, management gives its role to the broader concept of leadership. In today's business environment, leadership is crucial in addressing the complex issues arising from the global challenges cutting across multiple arenas. Leaders can invest in educational and developmental training initiatives to build a value-based organization and shape an environment for improved decision making.<sup>11</sup>

## II. Corporate ethics and the philosophical concept of agency

It has been a matter of debate among scholars whether the concept of agency can be applied to business corporations. In fact, it is a subject that has attracted the attention of moral philosophers alongside business ethicists.<sup>12</sup>

The issue is an extension of the corporate personhood argument according to which a corporation has a legal identity separated from the one of its shareholders. The basic purpose is "to create a distinct legal entity with legal rights, obligations, powers and privileges different from those of the natural individuals who created it."<sup>13</sup> Corporate personhood provides the limited liability status for the shareholders and thus motivates investments; in addition, it sets out a mechanism through which financial compensation can be made possible even in cases of too high bills incurred by lawsuits, thus enabling accountability.<sup>14</sup> Accountability however should not be confused with responsibility. Responsibility precedes accountability in the sense that it is a duty one is supposed to fulfill, based on the "nature of the person's

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<sup>10</sup> Jeffrey Moriarty, "Business Ethics," *Stanford Encyclopedia of Philosophy* (Fall 2021 Edition), ed. Edward N. Zalta, <https://plato.stanford.edu/archives/fall2021/entries/ethics-business>.

<sup>11</sup> World Economic Forum, "WEF Leading through the Fourth Industrial Revolution: Putting People at the Centre," January 11, 2019, <https://www.weforum.org/whitepapers/leading-through-the-fourth-industrial-revolution-putting-people-at-the-centre>; also, Max H. Bazerman, "A New Model for Ethical Leadership," *Harvard Business Review*, August 18, 2020, <https://hbr.org/2020/09/a-new-model-for-ethical-leadership>.

<sup>12</sup> Samuel Mansell, et al., "Rethinking Corporate Agency in Business, Philosophy, and Law," *Journal of Business Ethics* 154, no. 4 (2018): 894.

<sup>13</sup> Kent Greenfield, and Daniel Rubens, "Corporate Personhood and the Putative First Amendment Right to Discriminate," in *Research Handbook on Corporate Purpose and Personhood*, eds. Elizabeth Pollman, and Robert B. Thompson, 283-299 (Cheltenham: Edward Elgar Publishing, 2021), 287.

<sup>14</sup> Kent Greenfield, "If Corporations Are People, They Should Act like It," *The Atlantic*, February 2, 2015, <https://www.theatlantic.com/politics/archive/2015/02/if-corporations-are-people-they-should-act-like-it/385034/>.

position, function or work.”<sup>15</sup> It extends to behavior and practices beyond what is required by law.<sup>16</sup> Moral could be defined as a “human behaviour that does not harm other people objectively, and that their welfare is not diminished.”<sup>17</sup> In this respect, responsible behavior cannot be left to voluntary judgement of management but should be monitored through legally framed accountability.<sup>18</sup>

There is a basic difference between individuals and corporations in the sense that corporations cannot perform any action on their own, independently of its people, meaning its board of directors, its shareholders or its managers. This is why it has been suggested that a corporation cannot be viewed as a moral agent because any agency that can be conceptualised cannot be separated from the agency of the individuals that comprise the organization.<sup>19</sup> Although different from human moral agents, another opinion is that they can be considered eligible for secondary moral agency as they are “collective bodies created, operated and perpetuated” by moral persons.<sup>20</sup> A group agency drawn on Kant’s theory, and particularly the philosophy of collective intentionality, has recently been proposed mainly to attribute moral responsibility to structured groups with clearly formulated decision-making processes.<sup>21</sup>

Although the corporation cannot be considered a physical entity, as a human being is, it is indeed an organisation embodying a culture and having a “controlling mind” developed by its people. Organizational mission and vision statements, goals and objectives as well as structured processes define the actions taken by the corporation.<sup>22</sup> Even as distinct entities, corporations cannot however act independently of their individual parts, thus the term “eliminable” has been used of the description of a corporate moral agent.<sup>23</sup>

<sup>15</sup> Thomas Bivins, “Responsibility and Accountability,” in *Ethics in Public Relations: Responsible Advocacy*, eds. Kathy Fitzpatrick, and Carolyn Bronstein, 19-195 (London: SAGE Publications, 2006), 20.

<sup>16</sup> Dimitriou, “Evaluation of Corporate Social Responsibility Performance in Air Transport Enterprise,” 264.

<sup>17</sup> Conrad, “Basics of Ethics,” 2.

<sup>18</sup> Mallika Tamvada, “Corporate Social Responsibility and Accountability: A New Theoretical Foundation for Regulating CSR,” *International Journal of Corporate Social Responsibility* 5, no. 2 (2020): 5.

<sup>19</sup> David Rönnegard, *The Fallacy of Corporate Moral Agency* (Dordrecht: Springer, 2015), 2.

<sup>20</sup> Patricia H. Werhane, “Corporate Moral Agency and the Responsibility to Respect Human Rights in the UN Guiding Principles: Do Corporations Have Moral Rights?” *Business and Human Rights Journal* 1, no. 1 (2016): 6.

<sup>21</sup> Samuel Mansell, et al., “Rethinking Corporate Agency in Business, Philosophy, and Law,” 895.

<sup>22</sup> Nicholas Lord, “Regulating Transnational Corporate Bribery: Anti-Bribery and Corruption in the UK and Germany,” *Crime, Law and Social Change* 60, no. 1 (2013): 132.

<sup>23</sup> Werhane, “Corporate Moral Agency and the Responsibility to Respect Human Rights in the

No matter the exact characterization and the validity or not to ascribe moral agency depending on the origins of classification, it seems to be the case that the attribution of responsibility may be an objective that needs to be reached at, despite any theoretical debates primarily because of the great significance on the business practices. At the same time, new types of responsibilities arising from complex supply chain networks or new technologies (e.g., AI systems) have intensified the interest on the matter. We may have reached an era wherein new distinct schemes of responsibility should be considered to account for the modern needs of what constitutes a legal personality. Different types of corporate agents may have to be distinguished and allocation of responsibility may be appropriate among a network of agents.<sup>24</sup>

### III. Responsibility when outsourcing

The question on moral responsibility becomes even more complex when considering outsourcing and offshoring practices. Increasing vertical disintegration of corporate structures, whereby brands are separated from manufacturing activities, has transformed organizational structures towards focusing on core processes and profit maximization. This is facilitated through outsourcing, i.e., the transfer of part of activities, usually peripheral, to outside third-parties.<sup>25</sup> In the case that the outsourcing company is based overseas, then outsourcing is combined with offshoring. This transition has been described as *Nikefication*, citing the practices of the American sportswear company of outsourcing nearly all tasks except for design and marketing.<sup>26</sup> Further to the outsourcing dynamics of the global supply chains, *Uberization*<sup>27</sup> has been used to describe the shift from traditional organizational structures to forms of more flexible employer-worker relationships which can allow networked ways of working.<sup>28</sup>

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UN Guiding Principles: Do Corporations Have Moral Rights?" 15.

<sup>24</sup> Luciano Floridi, "Faultless Responsibility: On the Nature and Allocation of Moral Responsibility for Distributed Moral Actions," *Philosophical Transactions of the Royal Society A* 374, no. 2083 (2016): 20160112.

<sup>25</sup> Dimitrios Dimitriou, "The Evolution in Transport Operator's Corporate Structure: Ownership and Governance," in *Outsourcing and Offshoring*, ed. Mário Franco, 252-265 (London: IntechOpen, 2021).

<sup>26</sup> Gerald F. Davis, "Corporate Power in The Twenty-First Century," in *Performance and Progress: Essays on Capitalism, Business, and Society*, ed. Subramanian Rangan, 395-414 (New York: Oxford University Press, 2017), 402-403.

<sup>27</sup> Stefan Kirchner, and Elke Schüßler, "Regulating the Sharing Economy: A Field Perspective," in *Theorizing the Sharing Economy: Variety and Trajectories of New Forms of Organizing*, eds. Indre Maurer, Johanna Mar, and Achim Oberg, 215-236 (Bingley: Emerald Publishing Limited, 2020), 216.

<sup>28</sup> Patricia Leighton, "Professional Self-Employment, New Power and the Sharing Economy:

As a result of globalisation, companies are no longer constrained within one national market to target customers or seek labour, thereby making outsourcing an efficient tool to increase profitability two-fold; producing in low-cost locations and marketing to high-wage locations.<sup>29</sup> However, this strategy places companies at vulnerable position as outsourcing transfers responsibilities that cannot be closely monitored across different organizational structures and cultures at a global level. Further than monitoring costs, outsourcing should be much more integrated to ensure that ethical standards are seamlessly applied to contractors. Within the context of outsourcing, GDPR compliance has been even more challenging as companies are responsible to ensure the protection of their customers' sensitive data. When outsourcing is accompanied by handing over personal data, it is crucial that the third-parties involved in data collection and processing should be closely monitored and their processes and security systems should be meticulously reviewed.<sup>30</sup> A corporation can outsource many, if not all, business processes but it cannot outsource ethical responsibilities. A common example where organizations avoid ethical responsibilities through outsourcing is when utility companies and banks outsource communication with clients on what concerns bills rather than maintain a direct contact with them.

#### IV. Today's opinion climate. The stance of the market

Fifty years have passed since the economist Milton Friedman published the Friedman doctrine,<sup>31</sup> a business ethics theory arguing that a business's only obligation to society is to generate profits without breaking the rules of the market (i.e., avoiding deception and fraud). The discussion on what a corporation is responsible to do for the society is mostly relevant today since the model of stakeholder theory increasingly gains ground. The shift towards this perspective is characterised by the increased role of shared and sustained value creation to serve the interests of all stakeholders, including employees, customers and suppliers, governments and local communities, pressure groups and society at large as well as the environment.<sup>32</sup>

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Some Cautionary Tales from Uber," *Journal of Management & Organization* 22, no. 6 (2016): 860.

<sup>29</sup> Forbes Magazine, "The Good and Bad of Globalization," June 19, 2013, [https://www.forbes.com/2007/05/11/globalization-outsourcing-nafta-pf-education-in\\_ls\\_0511investopedia\\_inl.html?sh=1f3cdeb02d08](https://www.forbes.com/2007/05/11/globalization-outsourcing-nafta-pf-education-in_ls_0511investopedia_inl.html?sh=1f3cdeb02d08).

<sup>30</sup> Dimitriou, "The Evolution in Transport Operator's Corporate Structure: Ownership and Governance."

<sup>31</sup> Milton Friedman, "A Friedman Doctrine – The Social Responsibility of Business Is to Increase Its Profits," *The New York Times*, September 13, 1970, <https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html>.

<sup>32</sup> Dimitrios Dimitriou, et al., "Management Directions towards Social Responsibility in Special



The model has been the main theme of the 2020 World Economic Forum (WEF) through the updated *Davos Manifesto*, which states that:

companies should pay their fair share of taxes, show zero tolerance for corruption, uphold human rights throughout their global supply chains, and advocate for a competitive level playing field – particularly in the platform economy.<sup>33</sup>

Moreover, the report published by the WEF “Ethics by Design – An Organizational Approach to the Responsible Use of Technology,” outlines recommendations that would help in forming routine ethical behaviors.<sup>34</sup> According to Kay Firth-Butterfield, Head of Artificial Intelligence and Machine Learning, ethics play a crucial role in the successful implementation of technological revolutions and both the public and the private sectors are involved in the integration of ethical approaches.<sup>35</sup>

Accordingly, the Organisation for Economic Co-operation and Development (OECD), since 1976, has been publishing guidelines for multinational enterprises in order to prompt for responsible business conduct in relations with employees and other stakeholders, towards the environment and to prevent tax avoidance, bribery or even violation of human rights.<sup>36</sup> Interestingly, OECD organises for 2022 the *Global Anti-Corruption & Integrity Forum* with the purpose to bring together stakeholders to discuss how revived perception of social purpose and alongside the 2030 Sustainable Development Goals, businesses should work out how to act with integrity.<sup>37</sup>

In the same spirit, the *Integrated Strategy on Fundamental Principles and Rights at Work (2017-2023)*, developed by the *International Labour Organization (ILO)* is focusing on three thematic priorities: ensuring

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Population Groups by Airport Enterprises: The Case of Autism,” *International Journal of Business, Human and Social Sciences* 12, no. 9 (2019): 1251-1252; also, Dimitrios J. Dimitriou, and Maria F. Sartzetaki, “Social Dimension of Air Transport Sustainable Development,” as well as Dimitrios J. Dimitriou, and Maria F. Sartzetaki, “Decision Framework for Cross-Border Railway Infrastructure Projects,” *International Journal of Industrial and Systems Engineering* 10, no. 11 (2016): 3658-3660.

<sup>33</sup> Klaus Schwab, “Davos’ Karl Schwab: What Kind of Capitalism Do We Want?” *Time*, December 2, 2019, <https://time.com/5742066/klaus-schwab-stakeholder-capitalism-davos/>.

<sup>34</sup> Friedman, “A Friedman Doctrine.”

<sup>35</sup> Alem Tedeneke, “Ethics by Design: New Report Helps Companies Move beyond Compliance,” *World Economic Forum*, December 10, 2020, <https://www.weforum.org/whitepapers/ethics-by-design-an-organizational-approach-to-responsible-use-of-technology>.

<sup>36</sup> “2011 Update of the OECD Guidelines for Multinational Enterprises,” *OECD*, March 9, 2022, <https://www.oecd.org/daf/inv/mne/oecdguidelinesformultinationalenterprises.htm>.

<sup>37</sup> “2022 OECD Global Anti-Corruption & Integrity Forum,” *2022 OECD Global Anti-Corruption & Integrity Forum*, accessed March 9, 2022, <https://oecd-events.org/gacif2022>.

fundamental principles and rights are followed at work in rural and informal economies, in enterprises and supply chains and in conditions of crisis and fragility.<sup>38</sup>

Likewise, in August 2019, the US Business Roundtable, a non-profit lobbyist association of chief executive officers, committed in delivering value to all stakeholders, investing in employees, dealing ethically with suppliers, supporting the communities and generating long-term value.<sup>39</sup>

Over recent years, the concept of ESG (Environmental, Social, and Governance) in investing is flourishing; ESG describes an approach towards a more meaningful business philosophy whereby several non-financial aspects defining performance are taken account of. The initial of the acronym stand for the different types of features, namely, the impact of the business on the environment, the social dimension and the governance. It goes without saying that the individual elements of the ESG are closely intertwined. The combined indicator for the environmental, social and governance criteria can assist investors in identifying companies sensitive to financial risk because of related controversial business practices. For each dimension, data on the firm's practices are being collected and analysed with the aim to be used by portfolio managers in order to form a diversified portfolio. The analysis is used by a portfolio manager to construct a diversified portfolio.<sup>40</sup>

ESG in investing has been named a socially responsible investing (SRI) although the term is vague enough to prevent agreement on what exactly SRI is for the investors. This has been the result of many academic studies focusing on the financial impact on performance.<sup>41</sup> A main feature of ESG practices is the shift from cost savings to value creation. While, traditionally, Corporate Social Responsibility arguments built on the motivation to decrease costs (e.g., through lower energy consumption), the driver in today's initiatives is the opportunity for growth and improved performance.<sup>42</sup>

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<sup>38</sup> "ILO Declaration on Fundamental Principles and Rights at Work (Declaration)," accessed March 9, 2022, <https://www.ilo.org/declaration/lang-en/index.htm>.

<sup>39</sup> "Business Roundtable Redefines the Purpose of a Corporation to Promote 'an Economy That Serves All Americans,'" accessed March 9, 2022, <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>.

<sup>40</sup> Witold Henisz, et al., "Five Ways That ESG Creates Value," *McKinsey & Company*, June 23, 2021, <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/five-ways-that-esg-creates-value>.

<sup>41</sup> Gunther Capelle-Blancard, and Stéphanie Monjon, "Trends in the Literature on Socially Responsible Investment: Looking for the Keys under the Lamppost," *Business Ethics: A European Review* 21, no. 3 (2012): 239-250.

<sup>42</sup> Judy Oh, "3 Paradigm Shifts in Corporate Sustainability to New Era of ESG," *World Economic Forum*, September 30, 2021, <https://www.weforum.org/agenda/2021/09/3-paradigm-shifts-in-corporate-sustainability-to-esg/>; also, Dimitrios J. Dimitriou, et al., "Quantification of the

An ever-increasing number of companies have embraced the ESG approach challenging the assumption that achieving greater social and environmental benefits is related to decreased financial returns to capital.<sup>43</sup> According to a 2018 FTSE Russell global survey, more than half of global asset owners were implementing or assessing ESG strategies.<sup>44</sup> The U.S. Securities and Exchange Commission (SEC) has been calling for ESG classifications while increasing guidance on corporate carbon emissions.

## V. On corporate virtue and integrity

As already explained, the concept of virtue is fundamental within the field of ethics. Virtue has been inextricably linked with Aristotle, whose work *Nicomachean Ethics* has been characterised as “the first systematic treatment of ethics in Western philosophy.”<sup>45</sup> The term is a translation of the Greek word “arete,” meaning excellence, or goodness, and characterises the state of an individual, “a settled condition when one is well off in relation to feelings and actions.”<sup>46</sup> Virtuous actions are performed by virtuous persons. Virtue theories entail a goal for the human life, an end known as the “telos,” which is a natural development of a human with an excellent moral character.<sup>47</sup>

Thus, the formation of character is the cornerstone of virtue ethics. Collectively, the community formed in a business context is an environment in which members and leaders can behave virtuously towards the good of all involved parts. Furthermore, the products offered by a group behaving virtuously can be reasonably assumed to benefit society as a whole. Business entities are thus vehicles through which people involved have the opportunity to act for the common good.<sup>48</sup>

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Air Transport Industry Socio-Economic Impact on Regions Heavily Depended on Tourism,” *Transportation Research Procedia* 25 (2017): 5242-5254; and Dimitrios J. Dimitriou, “Comparative Evaluation of Airports Productivity towards Tourism Development,” *Cogent Business & Management* 5, no. 1 (2018): 1-15.

<sup>43</sup> Alice Martini, “Socially Responsible Investing: From the Ethical Origins to the Sustainable Development Framework of the European Union,” *Environment, Development and Sustainability* 23, no. 11 (2021): 16874-16890.

<sup>44</sup> Robert G. Eccles, and Svetlana Klimenko, “Shareholders Are Getting Serious about Sustainability,” *Harvard Business Review*, November 24, 2020, <https://hbr.org/2019/05/the-investor-revolution>.

<sup>45</sup> Aristotle, “Nicomachean Ethics,” in *Ethics Contemporary Readings*, ed. James Swindal, Earl W. Spurgin, and Harry J. Gensler, 240-249 (New York: Routledge, 2004), 240.

<sup>46</sup> Marcia Homiak, “Moral Character,” *Stanford Encyclopedia of Philosophy* (Summer 2019 Edition), ed. Edward N. Zalta, <https://plato.stanford.edu/entries/moral-character/>.

<sup>47</sup> Gary R. Weaver, “Organizations and the Development of Virtue,” in *Handbook of Virtue Ethics in Business and Management*, eds. G. Sison Alejo José, Gregory R. Beabout, and Ignacio Ferrero, 1-11 (Dordrecht: Springer, 2017).

<sup>48</sup> Pablo Ruiz Palomino, et al., “Team Level Servant Leadership and Team Performance: The

Following from the above, causality can be conferred in the sense that internal decision-making structures cause managers and employees to act according to the interests of the whole. Organizational virtuousness is a property of the corporation and not just the sum of the individuals acting for the corporation. This is materialized through the corporate culture; by focusing on the shared good of flourishing, by role-model virtuous leaders and by the habitual practice of wisdom, an organization can set the course for building a virtuous culture.<sup>49</sup>

Just like virtue, integrity is also originating from the individual but expands to the level of a group, an organization. Although having attracted considerable attention, including its importance for a business organization, it has been claimed that the term has not been adequately elaborated to capture its full meaning.<sup>50</sup>

Harvard Business School Professor Lynn Paine, whose research has focused on the governance of companies achieving financial results together with high ethical standards, as early as in 1994 highlighted the role of an integrity-based approach in ethics management:

While compliance is rooted in avoiding legal sanctions, organizational integrity is based on the concept of self-governance in accordance with a set of guiding principles. From the perspective of integrity, the task of ethics management is to define and give life to an organization's guiding values, to create an environment that supports ethically sound behavior, and to instill a sense of shared accountability among employees.<sup>51</sup>

Etymologically, the term derives from the Latin “integritas,” translated as wholeness or completeness. The term has been linked to four dimensions of meaning; self-fidelity, righteousness, integration, and wholeness. Fuerst

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Mediating Roles of Organizational Citizenship Behavior and Internal Social Capital,” *Business Ethics, the Environment & Responsibility* 26 (2021): 3.

<sup>49</sup> Thomas J. Whetstone, “Developing a Virtuous Organizational Culture,” in *Handbook of Virtue Ethics in Business and Management*, eds. Alejo José G. Sison, Gregory R. Beabout, and Ignacio Ferrero, 623-634 (Dordrecht: Springer, 2017), 623-625.

<sup>50</sup> Damian Cox, et al., “Integrity,” *Stanford Encyclopaedia of Philosophy* (Fall 2021 Edition), ed. Edward N. Zalta, <https://plato.stanford.edu/archives/fall2021/entries/integrity/>; also Daryl Koehn, “Integrity as a Business Asset,” *Journal of Business Ethics* 58 (2005): 125, and Madeleine J. Fuerst, and Christoph Luetge, “The Conception of Organizational Integrity: A Derivation from the Individual Level Using a Virtue Based Approach,” *Business Ethics, the Environment & Responsibility* (2021): 3.

<sup>51</sup> Lynn S. Paine, “Managing for Organizational Integrity,” *Harvard Business Review*, August 1, 2014, <https://hbr.org/1994/03/managing-for-organizational-integrity>.

and Luetge suggested that integrity is “an essential component of good character, completing it without being a virtue itself in the Aristotelian sense.”<sup>52</sup>

When based on integrity, organizations work on more robust standards. They go beyond the mere compliance to legal obligations towards defining and giving life to an organization’s guiding values, shaping an environment that supports ethical behavior and instilling a sense of shared accountability among employees.<sup>53</sup> Building a culture of integrity is thus a task that expands both in breadth and depth of organizational conduct. Especially in management, integrity encompasses a series of traits, including being responsible, communicating clearly and consistently, being honest, keeping promises, knowing oneself. Above all, it is a continuous exercise in learning, education, and persuasion. Great leaders go beyond management and achieve to make other people understand and want to do what is best. This is achieved through empowerment, courage, tenacity and considerable teaching skills.<sup>54</sup>

## VI. Ethical leadership

Special mention has to be made to leadership, and in particular ethical leadership. A worldwide survey identified desirable leaders as not only those who are able to motivate others but also those who are trustworthy, just, and honest.<sup>55</sup> Thus, to be a leader is to be held to high expectations in regard to both performance and ethical behavior. As a result, leaders must give attention to ethical development as well as performance development.

Ethical leaders have a protagonistic role in building a corporate culture of shared assumptions, beliefs and values that directly guide the behaviors of the employees in a way that enhances effectiveness. When, for example, ethical leaders go beyond narrow interests and pay attention to the interest of stakeholders, the organization as a whole is more likely to be aware of stakeholders’ concerns and to be more directed towards meeting customers’ needs.<sup>56</sup>

<sup>52</sup> Fuerst, and Luetge, “The Conception of Organizational Integrity,” 3.

<sup>53</sup> Dimitriou, “Evaluation of Corporate Social Responsibility Performance in Air Transport Enterprise,” 267-268; also, Paine, “Managing for Organizational Integrity.”

<sup>54</sup> Thomas Teal, “The Human Side of Management,” *Harvard Business Review*, August 1, 2014, <https://hbr.org/1996/11/the-human-side-of-management>.

<sup>55</sup> Joanne B. Ciulla, and Donelson R. Forsyth, “Leadership Ethics,” in *The SAGE Handbook of Leadership*, eds. Alan Bryman, David Collinson, Keith Grint, Brad Jackson, and Mary Uhl-Bien, 229-241 (London: SAGE Publications, 2011), 230.

<sup>56</sup> Dina Metwally, et al., “How Ethical Leadership Shapes Employees’ Readiness to Change: The Mediating Role of an Organizational Culture of Effectiveness,” *Frontiers in Psychology* 10 (2019): 8.

Numerous recent studies<sup>57</sup> have highlighted the linkage of ethical leadership and behavior with the level of trust displayed towards leaders. In today's climate of polarization and division,<sup>58</sup> trust has been suggested to be linked to competence.<sup>59</sup> Contemporary organizations face a series of challenges due to external events causing disruption or demanding change, e.g., economical and job instability, disrupted working environments and remote working, technological developments and environmental concerns impacting the economy.<sup>60</sup> Leaders are required to demonstrate a good knowledge of theory, to grasp the practical implications on the real aspects of the work and, at the same time, manage to handle issues and apply strategies within the specific context of each organization. When competence has been proven, people within an organization acknowledge and positively evaluate the collective ability to address challenges, reinforcing a culture of trust.<sup>61</sup> In addition, ethics-rooted leadership has been associated with positive employee outcomes, among which employee engagement and job satisfaction.<sup>62</sup>

In "How to Be a Good Leader," the ancient biographer Plutarch explains that successful leaders should be guided by reason and exercise self-control. Indicatively:

Politics is not a public service with a functional objective. Rather, it is a way of life for a tamed, political, and social animal, one that by its nature must live its whole life interacting with its fellow citizens, pursuing what is good and caring for humankind.<sup>63</sup>

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<sup>57</sup> Michael E. Brown, et al., "Ethical Leadership: A Social Learning Perspective for Construct Development and Testing," *Organizational Behavior and Human Decision Processes* 97, no. 2 (2005): 117-134; Jeroen Stouten, et al., "Ethical Leadership," *Journal of Personnel Psychology* 11, no. 1 (2012): 1-6; Thomas W. Ng, and Daniel C. Feldman, "Ethical Leadership: Meta-Analytic Evidence of Criterion-Related and Incremental Validity," *Journal of Applied Psychology* 100, no. 3 (2015): 948-965.

<sup>58</sup> Stefanie Gustafsson, et al., "Preserving Organizational Trust during Disruption," *Organization Studies* 42, no. 9 (2020): 1420.

<sup>59</sup> Mark Mortensen, and Heidi K. Gardner, "WFH Is Corroding Our Trust in Each Other," *Harvard Business Review*, August 31, 2021, <https://hbr.org/2021/02/wfh-is-corroding-our-trust-in-each-other>.

<sup>60</sup> Dimitrios J. Dimitriou, and Maria F. Sartzetaki, "Sustainable Development Variables to Assess Transport Infrastructure in Remote Destinations," *International Journal of Urban and Civil Engineering* 10, no. 10 (2016): 1350.

<sup>61</sup> Linda Hill, and Kent Lineback, "To Build Trust, Competence is Key," *Harvard Business Review*, March 22, 2012, <https://hbr.org/2012/03/to-build-trust-competence-is-k>.

<sup>62</sup> Julia E. Hoch, et al., "Do Ethical, Authentic, and Servant Leadership Explain Variance above and beyond Transformational Leadership? A Meta-Analysis," *Journal of Management* 44, no. 2 (2016): 512-515.

<sup>63</sup> Alan Dent, "How to Be a Leader," *The Penniless Press on-line*, accessed March 9, 2022,

## VII. The corporate code of ethics

In practice, Corporate Code of Ethics has been conceived as a tool to establish rules for ethical behavior and to further promote their applications. It is reasonable to say and it has been accepted at some degree that it is not possible to create a code of ethics encompassing whatever is required to behave ethically. This however should not be viewed as a demotivator for ignoring such practice but on the contrary, the code of ethics should be integrated into the organizational culture. “If ethical values are the compass which guides how you do business, then a Code of Ethics is like a map, offering guidance on what route to take when there is a choice to make.”<sup>64</sup>

Again, at this point the distinction between law and ethics arises. An established code of ethics that is active only to be used as a document typically proving that employees have been trained and are aligned to organizational values is only part of the legal requirements of a company. But if not more than that, then they make no difference in the long-term ethical performance.

The essential meaning of having a set of ethical rules that give practical guidance in day-to-day actions can be eloquently seen when considering the “*kathekonta*” in Stoic philosophy. The Stoics set the bar to be a sage so high that only few in humanity ever achieve virtue. So, for the non-sages, a set of ethical rules, the “*kathekonta*,” gives practical guidance on what is the correct action to perform under the circumstances. The performance of *kathekonta* lies within the capabilities of the non-sage, even if the non-sage does not have a complete understanding of why the certain actions would be considered correct.<sup>65</sup> *Kathekonta* may be considered the extensions of the virtuous acts performed by the sage. In this frame the Stoics demand is a constantly vigilant self-awareness, a kind of mental readiness that permits the apprentices to apply principles of philosophy<sup>66</sup> to events that occur in real life and demand our decision-making. The uninterrupted attention of individuals creates the conditions that philosophical principles are “ready to use” (*procheiron*, according to Stoic terminology).

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<http://www.pennilesspress.co.uk/NRB/plutarch.htm>.

<sup>64</sup> Insitute of Business Ethics, “Code of Ethics,” accessed March 9, 2022, <https://www.ibe.org.uk/knowledge-hub/ibe-business-ethics-framework/code-of-ethics.html>.

<sup>65</sup> Richard Bett, “Stoic Ethics,” in *A Companion to Ancient Philosophy*, eds. Mary Louise Gill, and Pierre Pellegrin, 530-548 (Oxford: Wiley-Blackwell, 2009).

<sup>66</sup> Pierre Hadot, *Philosophy as a Way of Life: Spiritual Exercises from Socrates to Foucault*, transl. Michael Chase (Oxford: Blackwell, 1995), 84.



### VIII. Corporate ethics: New issues, new perspectives?

Industry 4.0, the term used to denote the 4<sup>th</sup> Industrial Revolution, provokes rapid technological changes which not only apply on industrial production but are also evident within our everyday lives, as individuals and workers. Like all other previous industrial revolutions, it is manifested through the convergence of a series of different disruptive technologies. In a few words, Industry 4.0 is characterized by the development and exploitation of holistic smart systems which can bring together the digital, the physical and the biological worlds; the main dimensions on which such systems are built are big data, artificial intelligence, virtual reality, robotics, and augmented reality.<sup>67</sup>

The pace of technological progress is also accompanied by the expectation that business delivering innovation are also responsible of demonstrating critical competence and apply limitations with regard to the way these innovations are implemented. However, this kind of control can be ensured at early stages of the development process, and in most of the times may be needed to be embedded in the design steps. If corporations have not established a framework and ignore ethical values at this early stage, then it may be the case that engineers apply their own ethical rules, outside of any formalised process, thus removing accountability out of the equation.<sup>68</sup>

Industry 4.0 poses further challenges on employment as a considerable number of jobs is expected to be eliminated or substituted with technological devices (from computers to smart-factories). As the cost of automation falls, human workers will be reallocated to positions of labour supply in which tasks are not – by nature – in the risk of automation. However, eventually there will be a considerable number of human workers not able to find an alternative.<sup>69</sup> This external environment poses a serious challenge to businesses, mainly through the creation of job insecurity which in turn negatively impacts motivation and, thus, performance.<sup>70</sup> Unemployment due to automation, when considered at a global scale, can be viewed as

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<sup>67</sup> Klaus Schwab, “The Fourth Industrial Revolution: What it Means, How to Respond,” *World Economic Forum*, January 14, 2016, <https://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond/>.

<sup>68</sup> Kirsten Martin, “Ethical Implications and Accountability of Algorithms,” *Journal of Business Ethics* 160 (2019): 842-843.

<sup>69</sup> Tae Wan Kim, and Alan Scheller-Wolf, “Technological Unemployment, Meaning in Life, Purpose of Business, and the Future of Stakeholders,” *Journal of Business Ethics* 160, no. 2 (2019): 328.

<sup>70</sup> Dimitrios J. Dimitriou, and Maria F. Sartzetaki, “Social Dimensions of Aviation on Sustainable Development,” in *Sustainable Aviation*, eds. Thomas Walker, Angela Stefania Bergantino, Northrop Sprung-Much, and Luisa Loiacono, 173-191 (Cham: Palgrave Macmillan, 2020).



an externality that responsible companies have a duty to minimise and to mitigate its negative implications for the society. It has been suggested that this challenge is teleological, pointing to the “*telos*,” the final cause, the ultimate good in Aristotelian ethics. Following the Aristotelian approach that every pursuit aims at a purpose, a goal, a final function, it is under question if advanced technology and automation is in alignment with what is fundamentally corporate purpose. Beyond the for-profit orientation, and within the frame of stakeholder theory, it has been commonly understood that the concept of purpose is linked to higher order goals closely connected to the value it seeks to create for its stakeholders.<sup>71</sup> Furthermore, the idea that corporations may “have the natural duty to hire human workers” has been proposed as worth investigating. In this respect, businesses, as part of society, serve as a platform to pursue and develop virtue, to offer the options for a flourishing life, which is part of the *telos* in the Aristotelian sense.<sup>72</sup>

Covid-19 pandemic has had a multifold impact on organizations. Most importantly, the dominance of new communication technologies and remote working have blurred the lines between work and private life. At the same time, distancing of employees, either from each other or from the management has amplified insecurities and has put workers in a state of isolation. Spatiotemporal compression as a result of increased connectivity, has disrupted the synchronization of a worker’s labour time in relation his/her biological rhythms and local time zone, resulting in mental health issues in the long term. Apart from health at the workplace, working conditions also include the employer’s monitoring of employees. Advanced technological solutions have given the opportunity to managers to increase surveillance over employees, sometimes by abusing private lives and by illegally, let alone unethically, using measurements from tracking devices and applications.<sup>73</sup>

### IX. Ethical learning

The development of an ethical working environment should be viewed as a continuous process and not a one-off event. For ethics to diffuse within the organization, ethical values have to be embedded within the process

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<sup>71</sup> Gerard George, et al., “Purpose in the For-Profit Firm: A Review and Framework for Management Research,” *Journal of Management* 20, no. 10 (2021): 2.

<sup>72</sup> John Hooker, and Tae Wan Kim, “Ethical Implications of the 4<sup>th</sup> Industrial Revolution for Business and Society,” in *Business Ethics*, eds. David M. Wasieleski, and James Weber, 35-63 (Bingley: Emerald, 2019).

<sup>73</sup> Domènec Melé, “Ethics at the Workplace in the Fourth Industrial Revolution: A Catholic Social Teaching Perspective,” *Business Ethics, the Environment & Responsibility* 30, no. 4 (2021): 774.

of culture management.<sup>74</sup> Only through an organizational context which allows ethical reflection, incentives and leadership based on ethical standards can a corporation achieve long-term integrity.<sup>75</sup>

Recent evidence has shown that companies successfully affirming ethics have used training programs to achieve the transmission of ethical standards or have connected human resource training with an environment of respect for moral autonomy.<sup>76</sup> Such strategies have laid the ground for ethical principles to be rooted in the organizational culture.<sup>77</sup>

It is true that morality cannot be learned just by following a course of ethical theory or by completing a reading material on virtue ethics. However, even if it is accepted that ethics cannot be taught to adults within the workplace environment, it is probable that relevant training can set the lines within which an organization desires its workers to be. Moreover, it has been suggested that performance appraisal based on behavior would serve well as a criterion to financially reward employees for ethical conduct,<sup>78</sup> which may provide extrinsic motivation factors for the rest of the workforce. An organization can initiate ethical practices even from the recruitment process, by hiring job seekers after thorough study of their character and of soft skills that match well with the organization's values.

Any such internal management practices have to be genuinely embodied in the practices of the organization.<sup>79</sup> Attribution theory has suggested that individuals do not respond to the external event per se, but they respond depending on how they believe this event occurred anyway. In this respect, the effectiveness of managerial strategies is dependent on the beliefs that

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<sup>74</sup> Gina Grandy, and Martyna Sliwa, "Contemplative Leadership: The Possibilities for the Ethics of Leadership Theory and Practice," *Journal of Business Ethics* 143, no. 3 (2015): 427.

<sup>75</sup> Thomas Hajduk, and Christoph Schank, "The Model of the Honorable Merchant: Bridging Compliance and Integrity?" in *Handbook of Virtue Ethics in Business and Management*, eds. G. Sison Alejo José, Gregory R. Beabout, and Ignacio Ferrero, 987-994 (Dordrecht: Springer, 2017), 993.

<sup>76</sup> Affirmative action could also be justified as the manifestation of long-term integrity pursuit; see Sooraj Kumar Maurya, "A Reply to Louis P. Pojman's Article 'The Case Against Affirmative Action,'" *Conatus – Journal of Philosophy* 5, no. 2 (2020): 87-113; on the significance of autonomy as compared to well-being see Julian Savulescu, and Evangelos D. Protopapadakis, "'Ethical Minefields' and the Voice of Common Sense: A Discussion with Julian Savulescu," *Conatus – Journal of Philosophy* 4, no. 1 (2019): 125-133.

<sup>77</sup> Cecilia Martínez, et al., "Managing Organizational Ethics: How Ethics Becomes Pervasive within Organizations," *Business Horizons* 64, no. 1 (2021): 86-89.

<sup>78</sup> Silu Chen, et al., "Ethical Human Resource Management Mitigates the Positive Association between Illegitimate Tasks and Employee Unethical Behaviour," *Business Ethics, the Environment & Responsibility* 31, no. 2 (2021): 529.

<sup>79</sup> Dimitrios Dimitriou, and Stylianos Zantanidis, "Key Aspects of Occupational Health and Safety towards Efficiency and Performance in Air Traffic Management," in *Air Traffic Management and Control*, ed. Longbiao Li, 126-131 (London: IntechOpen, 2021).

employees hold regarding the reasons underlying the implementation of the relevant practices. The employees respond not to the individual practice itself but in accordance with why they believe the management has implemented it. For example, perceptions of cost reduction may increase burden and emotional exhaustion.<sup>80</sup> On the other hand, when cost reductions are not “an end in itself,” but are part of an overarching cost-conscious strategy, e.g., reducing carbon emissions in connection with sustainability targets, employees are more likely to find purpose, in fact a kind of purpose linked to moral and ethical principles.<sup>81</sup> As very recently argued, corporate purpose and sustainability are intertwined and essentially ethical.<sup>82</sup>

Evidence from neuroscientific studies have revealed that ethical dilemmas put individuals in situations whereby they try to match the current circumstances with other events of the past in order to seek guidance. In this case, we make intuitive judgments. On the other hand, when no similar pattern can be detected, we employ our reasoning abilities to make a decision.<sup>83</sup> On what concerns teaching approaches, neuroscience findings have revealed the significant role that emotion plays in ethical decision making. Hence, teaching material and process should be based on both cognitive and emotive learning.<sup>84</sup> Business ethics courses should be structured on case studies with the purpose to develop moral intuitions and to nurture the ability to identify the risks of poor corporate conduct. Critical to the process of teaching ethics is to incorporate personal values into the learning paradigms. In this way, individuals can investigate their own ethical foundation, work through rising conflicts and establish a connection between concepts and their own self. It has been suggested that values exploration is a type of experiential learning,<sup>85</sup> originating from the theory of Kolb who introduced a theoretical model of adult experiential learning based upon the psychological and philosophical

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<sup>80</sup> Amanda Shantz, et al., “The Effect of HRM Attributions on Emotional Exhaustion and the Mediating Roles of Job Involvement and Work Overload,” *Human Resource Management Journal* 26, no. 2 (2016): 172-191; on exploitation, exhaustion, and justice-related concerns see also Fausto Corvino, “Sweatshops, Harm and Exploitation: A Proposal to Operationalise the Model of Structural Injustice,” *Conatus – Journal of Philosophy* 5, no. 2 (2020): 9-23.

<sup>81</sup> Effective altruism can be such an ethically justifiable purpose; see Iraklis Ioannidis, “Shackling the Poor, or Effective Altruism: A Critique of the Philosophical Foundation of Effective Altruism,” *Conatus – Journal of Philosophy* 5, no. 2 (2020): 25-46.

<sup>82</sup> C. B. Bhattacharya, Sankar Sen, Laura Marie Edinger-Schons, and Michael Neureiter, “Corporate Purpose and Employee Sustainability Behaviors,” *Journal of Business Ethics* (2022): 16.

<sup>83</sup> Bazerman, “A New Model for Ethical Leadership.”

<sup>84</sup> Diana C. Robertson, et al., “Business Ethics: The Promise of Neuroscience,” *Journal of Business Ethics* 144, no. 4 (2016): 679-697.

<sup>85</sup> Gosenpud, and Werner, “Growing up Morally: An Experiential Classroom Unit on Moral Development,” 23.

foundations of J. Dewey, J. Piaget, and K. Lewin.<sup>86</sup> Throughout the holistic approach of values exploration, participants take an active role in their learning, advancing their moral development, thereby being less tolerant with unethical decision making in the work environment.

In parallel with any ethical training programme, communication from leadership and established evaluation mechanisms should be directed at reinforcing the nature of ethical performance. The ultimate target is that corporate ethics education can help the workforce to experience ethics as a core constituent of success.<sup>87</sup>

#### X. Concluding remarks

Corporate practices have always raised issues of controversy with regard to ethical implications viewed by the philosophical perspective. The contemporary global environment poses numerous challenges as corporations have to constantly adapt to a rapidly changing environment with multiple externalities. The fact that some corporations have grown too big in terms of financial power and international presence is an additional factor for their enlarged and enriched role they have in maintaining and promoting sustainable practices across the triple bottom line (economic, social, environmental).

Ethical behavior is a matter of urgency as shown by the institutional request for organizational trust, integrity, workplace ethics and sustainable operations. On top of that, recent global issues incurred by technological revolution and the global pandemic have intensified the need for addressing reality more responsibly. Despite the dynamic global business environment pressing for enhanced worker performance and hard skills, the need for soft skills is probably more imperative than ever.

Leaders have the power and the authority to cultivate ethical conduct in an organization. They can establish norms and also empower employees to apply them. Ethical leaders are the ones who carry the burden of difficult decisions but they can also be ethical role models for employees and build trust while being truthful. Integrity should be traced in their actions as their behaviors should be aligned with the values of the organization.

Ethical behavior in the business context should not be a matter of unilateral approach. Customers play an active role in the formation and the development of an ethical business environment. Recognizing an ethos behind business practices encourages customers to build a relationship of trust and enhances the perception

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<sup>86</sup> Reijo Miettinen, "The Concept of Experiential Learning and John Dewey's Theory of Reflective Thought and Action," *International Journal of Lifelong Education* 19, no. 1 (2000): 54.

<sup>87</sup> Leslie E. Sekerka, "Organizational Ethics Education and Training: A Review of Best Practices and Their Application," *International Journal of Training and Development* 13, no. 2 (2009): 95.

of value in the interaction. Further to generating sales through repeated purchases, a loyal customer base can significantly contribute to reduced marketing costs and a more sustainable business growth. The active role of the customer as a stakeholder in the ethical business conduct underscores the importance of raising awareness in the general public and of systematically developing an educational strategy not only for tertiary-level degrees but also for secondary education.

At a universal level, United Nations and ILO have been providing ethical guidelines, building – among others – on principles of integrity and accountability, setting standards of conduct for institutions, governing bodies, leaders and practitioners. However, the role of regional actors and institutions play a critical role in the mechanism of implementation and integration in the local conditions. The evaluation of what has to be regulated, how it should be monitored and what would be the repercussions in case of misconduct should be well-established. The situation becomes complicated in the ever-increasing multi-ethnic workplace environments where coherence is further constrained by cultural diversity. In this respect, further research is needed to deal with issues of morality beyond a certain a geographical normative framework.

The role of philosophy is more crucial than ever before as it helps in unfolding the complexities imposed by the existing climate and beliefs, setting new perspectives to address contemporary issues and developing new ways of educating people while building networks permeated by strong ethical culture. Maybe it is only through such an approach that businesses can cope with increasing pressures while maintaining brand image, efficiency and productivity without sacrificing costs.

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